SECTION 1: FINANCIAL SYSTEMS

Financial Systems Philosophy and Strategy

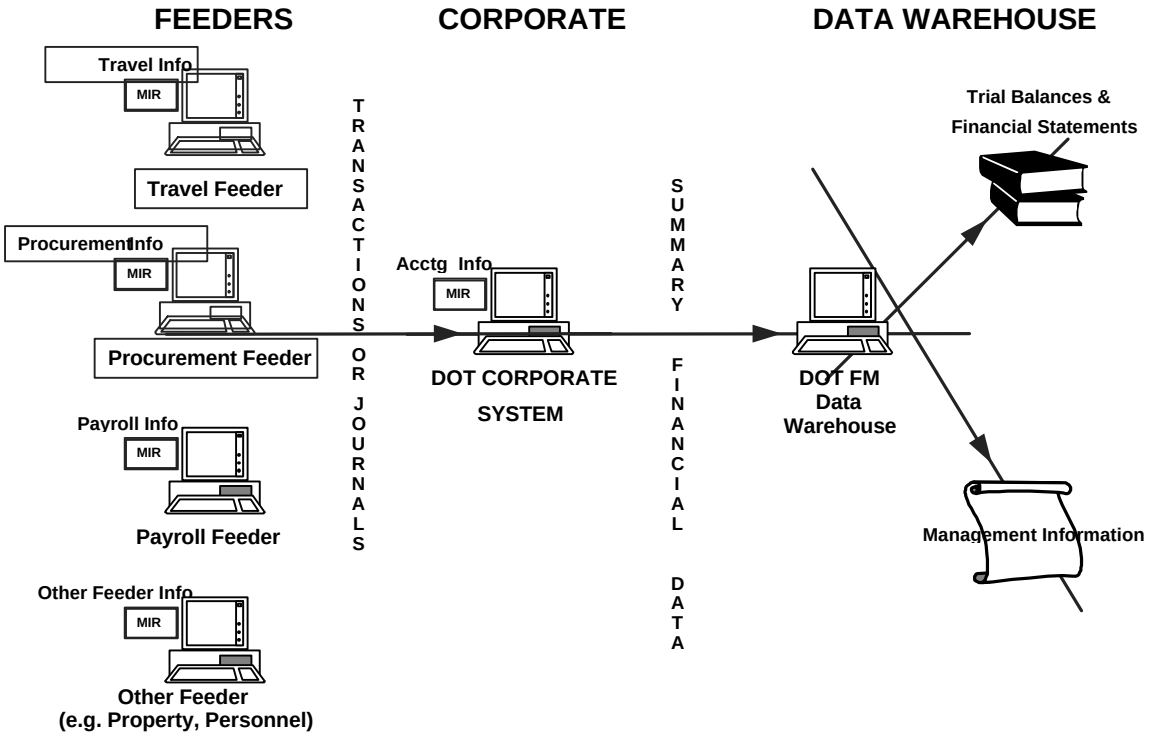
DOT's Financial Management Strategic Plan envisions DOT having "integrated financial management systems that provide a valuable information base for its program, budget, and financial managers." Financial managers recognized that, despite establishing a single, integrated accounting system, they were challenged to do "more with less" and at the same time to provide better and more reliable information, more quickly and in more flexible ways.

DOT's main focus on financial systems is on upgrading systems to more directly support program needs and to more effectively manage resources utilizing commercial off-the-shelf (COTS) systems rather than in-house development.

To effectively address economies of scope for administrative activities of the Department, the CFO, the DOT CFO Council and FM community endorsed a new approach to financial management operations and in effect a new financial systems environment. Tagged the "TO BE MODEL", this approach moves away from accounting office-centric, paper-based business processes and supports a more paperless environment, capturing data once at the source, less FM staff involvement, and faster response to customer information needs. The effect was to extend financial activities and systems beyond the accounting office directly into the program office. It meant linking administrative functions such as procurement, personnel, property, and accounting to achieve economies of scope in resources and staffing.
This vision and broadened scope of activities represented a considerable challenge. It meant coordinating with managers outside the financial community. Through the DOT CFO Council and the Financial Management Committee (FMC), DOT is engaged in a "progressive evolution" approach to our existing financial management systems. That is, the financial community reviewed the existing FM environment and began carving out areas that could be reengineered or further automated to reduce operational costs, improve productivity, and/or respond more timely to customer needs.
Characteristics which we believe a progressive financial system evolution should contain include:

- Commercial availability,
- Maintainability at the functional user level,
- Platform portability of software and data,
- Modularity and functional integration of software components,
- Technical infrastructure integration,
- Single source data capture,
- Electronic routing and approval, where applicable,
- Web-enabled,
- Electronic commerce capabilities, where applicable, and
- Year 2000 compliance.

TO BE MODEL



We anticipate systems with these characteristics will increase services at a reduced cost of operation and give us an advanced systems environment. DOT financial systems will be comprised of, but not limited to: (1) *corporate components*, such as a general ledger and a financial statement preparation facility; (2) *feeder systems*, such as budget, procurement, travel, grants, payroll, and personnel, etc.; and (3) *reporting systems*, using data warehousing technologies. Taken together, this definition of DOT financial systems meets the single, integrated financial system concept defined in OMB Circular A-127 and the JFMIP Core Financial System Requirements. We are reviewing, for possible implementation throughout DOT, financial systems solutions with these characteristics that DOT organizations may have already acquired. This follows the successful approach used for the Department Accounting and Financial Information System (DAFIS), where DOT adopted the FAA system departmentwide.

As the second millennium approaches, the CFO Council is reevaluating the visions and strategies of its existing FM Strategic Plan. This action will ensure our FM operations, systems, and policies continue to support DOT's mission, goals, and programs.

Financial System Performance Highlights		
	FY 1996	**FY 1997**
Financial Systems SGL Compliant	96%	99%
Financial Systems JFMIP Compliant	45%	60%
Financial Systems Year 2000 Fixes (completed)		
Departmental Accounting and Financial Information System	0%	25%
Integrated Payroll System	0%	40%
Consolidated Uniform Payroll System	0%	55%

Year 2000 (Y2K) Fixes

The Department has an active program for addressing the Y2K issues. DOT is following the five phases (awareness, assessment, renovation, validation, and implementation) outlined in the "Best Practices" planning framework developed by the Best Practices Subcommittee of the Interagency Y2K Committee. DOT's Chief Information Officer has the leadership role in this effort. Implementing responsibilities belong to DOT's Operating Administrations (OAs) and other organizations who operate automated systems.

The Chief Financial Officer (CFO) and the Assistant Secretary for Administration serve as program sponsors for major departmental administrative applications requiring Y2K fixes, including DAFIS, the Integrated Personnel and Payroll System (IPPS), and the Consolidated Uniform Payroll System (CUPS). As a whole, DAFIS, IPPS and CUPS are in the renovation and beyond stages. As programs are renovated to accommodate Y2K, they are validated and implemented (put back into production). Y2K fixes for all three systems are scheduled for completion in December 1998.

Efforts are underway to progressively evolve DAFIS functionality and reduce DAFIS Y2K costs that would otherwise have been incurred. For example, OST is partnering with USCG to implement a COTS Accounts Receivable system for the Department, replacing the accounts receivable functionality in DAFIS; this functionality is being phased in before FY 1999, and, therefore, does not need Y2K fixes to the old software. A scrub of the multitude of reports generated by DAFIS has also resulted in a number of report programs being eliminated. This also saves Y2K programming.

To assist in meeting our goal, we acquired the services of a contractor with Y2K expertise. Contracting is expected to save time and money compared to performing the work with existing or expanded DAFIS staffing.

Progressive Evolution and Upgrading Systems

•**Accounts Receivable Project**
The USCG, in collaboration with the DOT CFO's office and the FM community, is leading the Accounts Receivable progressive evolution effort for the Department. This feeder system, when fully implemented, will displace the accounts receivable function in the Department's core accounting system (DAFIS). The current accounts receivable system is limited in its capability. Duplicative stovepipe collection systems exist throughout the Department. After extensive study and market research, the COTS system, Oracle Financials Accounts Receivable,

was selected by the USCG and the FM community. Through this project DOT will configure Oracle's accounts receivable package and related software to meet re-engineered debt management and collections business processes and institute several new automation techniques. The system is expected to streamline debt management processes by having one database and system which will better meet all debt management related business needs within the Department.

The new receivable system will create more accurate records in fines and penalties cases and generate faster and more frequent billing with more up-to- date late charges on bills. The new system will enable DOT to increase amounts collected and bring in collections quicker, e.g., automated lockbox. It will also increase interest on funds collected from earlier deposits, and improve tracking of payments from collection sources. Numerous customer improvements will be available, such as customizable dunning and billing letters, recording of customer calls onto an electronic file, automated alerts, the ability to continue accounts receivable processing while DAFIS is off-line, elimination of much of the related paperwork, and enhanced management reporting. Components of the system are planned to be operational by September 1997, with the system completely operational by December 1998.

Target for Completion: CY 1998

	FY 1995	FY 1996
Direct Loans and Non-Credit Receivables	$400	$474
Collection of Receivables	232	109
Delinquent Debt	97	121
Write Offs	12	8
Tax Refund Offsets	.3	.3
Civil Penalty Collections	99	32

- **Travel**

PerDiemAzing Travel Management System (PDTMS)

PDTMS is a COTS application that processes the full range of temporary duty and local travel transactions. It fully complies with the Federal Travel Regulation and the JFMIP Travel System standards. It was put into production in October 1995 for OST, TASC, and BTS. In January 1997, these same organizations also enjoyed the benefits of an electronic link (interface) to DOT's accounting system DAFIS. Other Departmental users, FHWA, FTA, RSPA, and MARAD, are in various stages of implementing PDTMS.

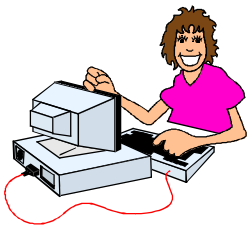
With the DAFIS interface, DOT entered the realm of paperless processing. Travelers and their secretaries are freed from paper authorizations and vouchers. Approving officials are approving travel at their desktops. Travel vouchers approved within PDTMS are getting the proper amount of money to the traveler's bank account within ***three or four business days***.

Cash Management Performance Highlights
($ in millions)

Reimbursements no longer depend on paper vouchers and receipts flowing to the accounting office for processing. Instead, receipts are kept on file by designated individuals in each organization. These receipts only go to the accounting office if the respective electronic voucher is selected for post payment review (based on a statistical sample).

PDTMS will also stop the need for paper and people making their way to DOT's Travel Management Center (TMC). Reservation requests for airline flights, rental cars and hotels can all be set up in PDTMS and electronically passed to the TMC for action. Shortly, this capability will be enhanced to allow the traveler to book all reservations directly without the assistance of a travel agent.

With PDTMS, the cost of travel transactions has been reduced by half.



PDTMS enables DOT to increase productivity by greatly reducing the time employees spend on travel processes. For example, a manual travel management environment that is paper driven costs a typical Departmental organization almost $200 a trip. With current PDTMS capabilities and DOT's reengineered processes, the cost of travel transactions has been reduced by half. Full implementation in FHWA, FTA, RSPA, and MARAD is targeted for FY 1998.

Target for Completion: FY 1998

National Automated Travel System (NATS)

NATS is an automated travel accounting system that processes FAA employees' travel authorizations and local and temporary duty vouchers. The system is Gelco Travel Manager, a commercially available software application, supplemented by an in-house developed module for document tracking and integration with DAFIS. It will enable travelers or their designees to prepare travel authorizations and vouchers and determine the status of processing from their local personal computers. The result will be an efficient, cost-effective method of processing reimbursements for employees' travel expenses.

Most FAA employees are using the Travel Manager document preparation module to prepare their documents. The in-house developed module, including its DAFIS interface, is being beta tested at FAA's William J. Hughes Technical Center. The Travel Manager electronic processing module has been purchased by FAA for use in five regions, two centers, and headquarters. Deployment of the full, paperless system at those sites will occur during FY 1997 and 1998. Deployment of the NATS will be completed at all FAA regions by FY 1999.

Target for Completion: FY 1999

•Procurement

Automated Procurement Streamlining Initiative (APSI)

Progress continues in developing an automated system to process procurement actions. Through APSI, a project underway in the Transportation Administrative Service Center (TASC), DOT can achieve statutory electronic commerce goals for the Office of the Secretary (OST) and the TASC as required by the Federal Acquisition Streamlining Act of 1994. The system was designed to interface with DAFIS through the existing Voucher Examination Module (VEM), a vehicle for automatically entering, tracking, and matching procurement requests (PRs), purchase orders and contracts, receiving reports and invoices. VEM also allows full commitment accounting. A 10-year contract was awarded in July 1995, to Kenrob and Associates for the APSI software, associated maintenance and training, etc. Compusearch Software Systems, (CSS) Inc. is the main subcontractor and software developer. A paperless windows-based business system, APSI features include:

- Federal Acquisition Regulations Automation (FARA) - Research and document assembly software.

  Procurement Information System Module (PRISM) which allows program officials to enter PRs, route them for electronic approval, automatically commit funds to the accounting system, and route the PR information to the procurement office. It also creates and tracks procurements throughout the

  solicitation, award, administration and closeout phases.

- Electronic Data Interchange (EDI) translation and mapping software which will allow OST and TASC to conduct business electronically with commercial vendors through the Federal Acquisition Computer Network--FACNET.

FARA and EDI software were implemented in OST and TASC in April 1996. During FY 1997, testing of the PRISM software continued, including testing of interfaces and connectivity between the procurement system and DAFIS. PRISM will be implemented as a pilot in a limited number of offices within OST and TASC during the first quarter FY 1998. Upon completion and acceptance of the pilot, PRISM will be implemented throughout OST and TASC and will be available to all DOT OAs choosing to order from the contract.

Target for Completion: FY 1998

ACQUIRE

ACQUIRE is a system which will automate acquisition functions for all FAA offices, and provide more complete information for the Department's accounting system (DAFIS). To facilitate the ACQUIRE project, FAA is developing a new interface application designed to control financial data flow among all FAA financial applications, including two-way data exchanges as needed. In addition, the interface will provide a new feature to ACQUIRE data files to automate the entry of certain transactions that must currently be entered in DAFIS manually by accounting personnel.

Target for Completion: FY 1998

Large Unit Financial System (LUFS-NT)
LUFS-NT has been designed to be an easy to use and intuitive finance and procurement system. It is being developed by the USCG to replace their current version of LUFS throughout USCG. LUFS-NT displays procurement and accounting forms in readily identifiable electronic paper formats which allow the electronic requisition to look and respond like a paper requisition. This will significantly reduce the time and training required to generate procurement documents. LUFS-NT supports workflow and digital signatures and permits procurement documents to be approved and routed electronically eliminating the need for routing paper documents.

Additionally, LUFS-NT has embedded electronic commerce features supporting web-based electronic commerce with the vendor community; enhanced internal control features that ensure fund managers and users can exercise complete control over their accounts; and supports accounting by individual procurement line items. These features will vastly improve receipt and payment processing and improve the visibility of government assets. LUFS-NT will begin to be deployed throughout the Coast Guard in September of 1997.

Target for Completion: FY 1998

Workflow and Imaging Network System (WINS)
The Coast Guard Finance Center's Workflow Image Network System (WINS) Lite, was established at the beginning of FY 1997 to replace the obsolete Minolta imaging system then in use. Within two months this system was set up to accept data and render images for LUFS transmissions (electronic obligations and receiving reports from field units), paper documents, and faxes for FY 1997 items. WINS will be a complete cradle to grave imaging and accounts payable system whose document image processing system is tightly integrated with relational database information. In WINS, document images automatically flow to work points or queues based on specific business processes and rules. As system development progresses during FY 1998, WINS will process all document types currently handled manually through VEM or through the Production Control System.

Images and data can enter WINS through multiple means, including paper documents, electronic data such as LUFS transmissions and EDI invoices, and facsimile documents. WINS has the ability to track documents and user actions, edit and validate data entered, allow notations to be made on documents, allow multiple viewing of the same document, allow multiple images and split screen capabilities, integration to external systems, and provide management analysis of all documents and users.

Target for Completion: FY 1998

•Human Resources Management

Human Resources Management Information System (HRIS)
The DOT Human Resources Management Information System (HRIS) project was established to deliver an intradepartmental, personnel, benefits, and payroll data processing and management information reporting system. The HRIS will replace legacy personnel and payroll systems that are approaching the end of

their life cycle. Currently, HRIS plans to support OST and all DOT OAs except the FAA, the SLSDC, and the STB.

A dedicated HRIS project team, assigned to the Coast Guard Acquisition Directorate, is leading the effort to acquire the best solution for DOT. The solution will be non-developmental. Candidate systems may be COTS products, or service bureaus (cross-servicing arrangement by another Federal agency or commercial enterprise). The HRIS solution will reduce the operating costs of personnel and payroll because it does not have to support FAA specific requirements and it utilizes technology to improve the productivity of the personnel and payroll organizations. In addition, the project team will perform a cost benefit analysis to determine, as an interim solution, if there are potential savings by immediately engaging a service provider for payroll services. An interim service provider will not preclude the selection of another payroll system in the long term solution. The project team is supplemented by an Integrated Product Team, representing the DOT OAs and other key organizations.

Target for Completion: Between June 2001 - 2002

Workforce Information Next Generation System (WINGS)

The DOT Appropriations Act of 1996 directed the Federal Aviation

Administration (FAA) to "reform" its personnel system to address the unique requirements of the FAA's workforce and meet its mission. FAA Reform infused the agency's own Strategic plan goals with new possibilities and opportunities. WINGS will provide state-of-the-art automation that gives FAA lines of business (LOB) the capability to design and integrate human resource management programs into complete systems encompassing areas such as compensation, performance management, or employee development.

The National Performance Review directed the FAA to increase productivity, efficiency, and effectiveness in the area of personnel. By 1999, the number of personnel employees will be reduced by over 50 percent. WINGS will increase the flexibility that FAA LOBs require to manage their human resources. WINGS will provide each LOB the opportunity to manage its human resources differently. Where an analysis of the workforce indicates market-based salary rates are critical to attracting the expertise required, an individual LOB can construct such a pay scheme. At the same time, another LOB may pay its workforce based on a skill-based design. WINGS will provide the technology that will support achievement of the goals identified during reform and adopted in the implementation goals of each LOB. WINGS will be a COTS application which is expected to be awarded in October 1997.

Target for Completion: FY 1998

•Cost Accounting

Cost Accounting System(CAS)
The President's FY 1997 Budget proposed that the FAA collect $150 million in user fees in FY 1997, with full eventual user fee funding in the year 2003. This approach is consistent with the objective to match the costs of FAA services to the users of these services, and to make the FAA operate more like a business. The Cost Accounting System is being designed to provide the cost information needed to more precisely calculate the costs of services and to allocate these costs to users. FAA has completed the general functional requirements; conducted preliminary and final software evaluations; procured and installed COTS accounting software, i.e., PeopleSoft; developed a high-level conceptual design; and finalized the detailed system design.

FAA is presently identifying and documenting detailed functional requirements for each LOB in FAA; developing systems specifications and documentation; conducting system testing, and performing the initial historical loading. The baseline system will be commissioned at the end of FY 1997. During FY 1998, FAA will continue to identify and document detailed functional requirements for each LOB, develop additional systems specifications and related programs, and conduct user training. The fully operational system will be available at the end of FY 1998.

Target for Completion: FY 1998